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IN THE

Supreme Court of the United States

OCTOBER TERM, 1937.

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NOS. [REDACTED] & [REDACTED]

KELLOGG COMPANY,

Petitioner,

against

NATIONAL BISCUIT COMPANY,

Respondent.

**RESPONDENT'S MEMORANDUM IN OPPOSITION TO THE MOTION
FOR LEAVE TO FILE A SECOND PETITION FOR RECONSID-
ERATION OF PETITIONER'S FIRST PETITION FOR WRIT
OF CERTIORARI AND IN OPPOSITION TO PETITION-
ER'S SECOND PETITION FOR CERTIORARI.**

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Nos. 396 and 1053.

KELLOGG COMPANY,	}
Petitioner,	
AGAINST	
NATIONAL BISCUIT COMPANY,	
Respondent.	

**RESPONDENT'S MEMORANDUM IN OPPOSITION TO
THE MOTION FOR LEAVE TO FILE A SEC-
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Statement of the Case.

In order to avoid repetition we are answering in one memorandum the petitioner's two applications which are now before the Court.* Both of these applications must have been filed on the theory that if respondent

* The first application is a motion for leave to file seven months out of time a second petition for reconsideration of petition for writ of certiorari, and the second application is a second petition for writ of certiorari.

knocks often enough the door will be opened, because, as will be presently shown, nothing new is now presented to the Court except the affirmance of a Canadian decision by the British Privy Council. It is fortunate for the Court that such a theory is not prevalent among counsel who seek writs of certiorari.

These applications combined constitute the *fourth* application to this Court since the Circuit Court of Appeals handed down its decision on April 12th, 1937 in petitioner's effort to escape the effect of that decision. Counting in addition the applications that have been made to the Circuit Court of Appeals since that time for the same purpose, they are the *eighth*. The only reason advanced why either application should be entertained by this Court, which has not already been advanced at least three times to this Court, is that on May 5th, 1938 the Circuit Court of Appeals made an order* recalling and clarifying the mandate† previously issued by that Court. It is claimed that this order is substantially different from the original order of April 12th, 1937‡ which this Court has refused to review, but we shall demonstrate that there is no substantial difference whatever.

We have not thought that we should burden the Court with a further recital of the facts in this case. In our brief in opposition to the first application for writ of certiorari the facts were stated fully. Nor do we think that we should again point out why there is no conflict between the decision of the Circuit Court of Appeals in the case at bar and the cases which were then and are now asserted by the petitioner as being in conflict. This was done in our brief in opposition to the first application for writ of certiorari.

The affirmance by the British Privy Council of the decision of the Ontario Supreme Court in *Canadian*

* R. III A, p. 2285.

† *ibid*, 2254.

‡ *ibid*, 2094.

Shredded Wheat Company, Ltd. vs. Kellogg Company, Ltd., has added nothing new. The decision of the Ontario Court was relied upon in the application for the original writ of certiorari and in the two subsequent applications which have been made to this Court. Indeed, in both the first petition for reconsideration and in the petition to this Court to stay the injunctive features of the order of the Circuit Court of Appeals, the decision of the Privy Council was foreshadowed and the Court was asked to even withhold its consideration of the petition for writ of certiorari or at least to prevent any injunctive process going into effect until after the decision in that case should be rendered. As pointed out in previous answers which we have filed in this Court, the facts in the Canadian case, involving the right of the defendant in Canada to use the plaintiff's registered trade mark "Shredded Wheat", presented an entirely different record from that before this Court. The plaintiff in Canada had a registered trade mark, and the decision of the Privy Council goes no farther in effect than to hold that plaintiff's proof had failed to establish that in *Canada in 1928*, when the term "Shredded Wheat" was registered, it had become distinctive of plaintiff's goods. The defendant having made but one sale in Canada before suit was brought, there was no actual evidence of "passing off". The record in the case at bar is replete with such evidence and evidence also that both the trade name "Shredded Wheat" and the shape of plaintiff's biscuit had acquired a distinctive meaning inseparably connected with respondent and its predecessors. Furthermore, the Judges of the Privy Council concurred in the rule of law contended for by respondent that in the case of a patent long expired, it is possible to establish that the name has acquired a distinctive meaning which a court of equity will protect. Thus there is no disagreement between the Circuit Court of Appeals for the Third Circuit and the Privy Council as to the law. The latter held that the Canadian plaintiff had not met the

burden of proof resting upon it, whereas the Circuit Court of Appeals held that the respondent here had discharged that burden.

We call attention to the fact that the British High Court of Justice on December 21st, 1937 (not yet reported), held that the words "Shredded Wheat" were registrable under the British Trade Marks Act. In that case the Shredded Wheat Company, Ltd., a British corporation, registered the words "Shredded Wheat" as a trade mark. The Kellogg Company of Great Britain, Ltd., which is the operating company in Great Britain for the petitioner here, sought to have the registration cancelled upon the ground that the words were not registrable both because descriptive and because of the expiration of patents. After a long trial and a very full hearing in which there was a very complete record, the Court held that the proof established that the words had acquired a distinctive meaning and were registrable over both objections.

As pointed out in our brief in opposition to the first application for the writ of certiorari, the case at bar is peculiarly one that must stand *upon its own facts*. Stripped of the technical considerations with which petitioner has always tried to cloak it, the present record presents a clear case of an attempt on the part of a competitor to appropriate to itself, and trade upon, the good will which respondent has built up over the years for its product by the expenditure of vast sums of money in advertising and by the excellence of its product. Thus the case falls, as already pointed out in that brief, within the bounds of unfair competition as announced by this Court in *Schechter Poultry Corporation vs. United States*, 295 U. S. 495, i. e. the "misappropriation of what equitably belongs to a competitor".

As in petitioner's previous briefs and applications to this Court, the cry of monopoly is again raised. A sufficient answer to this is that at least two of respondent's largest and most powerful competitors have always sold

and are still⁴ selling whole wheat biscuits manufactured under the expired Perky patents without appropriating respondent's trade name or the form and shape which have characterized its biscuit for over forty years.* It has been amply demonstrated that petitioner could easily manufacture its product in different forms and under a different name. It has been equally well demonstrated that petitioner does not wish to do what other competitors of respondent have done. It desires not to stand on its own feet, but to trade upon respondent's good will.

ARGUMENT.

1. The order of May 5th, 1938 did not change in substance the order of April 12th, 1937, but merely clarified it.

At the outset it should be noted that petitioner does not claim that the Circuit Court of Appeals was without power to make the order of May 5th, 1938. The very fact that the jurisdiction of the Court to make the order is not now questioned carries with it the concession that it does not change in substance the order of April 12th, 1937. As pointed out in the cases cited in the opinion of the Circuit Court of Appeals† upon which the order of May 5th, 1938 was based, the Court was without power when this order was made to change in substance the order of April 12th, 1937 because the term at which it was made had long since expired.

* See Respondent's brief in opposition, page 3.

† R. p. 2284, *Bronson v. Schulten*, 104 U. S. 410; *Marion County Court, W. Va. v. Ridge, et al.*, 13 Fed. (2d) 969; *Arcoil Mfg. Co. v. American Eq. Assur. Co.*, 87 Fed. (2d) 206; *Foster v. N. L. R. B.*, 90 Fed. (2d) 946. These authorities could, of course, be multiplied.

It is entirely clear that the order of May 5th, 1938 made no change in *substance* in the order of April 12th, 1937. All that it did was to eliminate the words at the end of the first order "in violation of its trade mark".* This will be manifest by comparing the two orders as they are quoted on pages 2 and 3 of the motion for leave to file the second petition. The clarification thus made was necessitated by the position which *petitioner* took before the District Court on the application to settle the form of decree to be entered on the mandate. Then, *for the first time*, *petitioner* took the position that the order of April 12th, 1937 enjoined it from using the name "Shredded Wheat" as a trade name and selling and advertising its biscuit in the form and shape of plaintiff's, *only when both* were done in connection with a trade mark known as the "two-biscuit-in-a-dish". In other words, that it should be enjoined from doing the things conjunctively only, and that it might do any two of the three provided it did not do all three. The District Court made a decree in the exact language of the mandate, which in turn used the same language as the order of April 12th, 1937. When *petitioner* persisted in *acting* upon its interpretation of the order of April 12th, 1937, respondent was compelled to ask that the mandate be recalled for clarification.† It made a motion to that effect during the term in which the mandate issued. The order of May 5th, 1938 clarifies the order of April 12, 1937 so that it is now made clear that the latter means exactly what the *petitioner represented* to the Circuit Court of Appeals on

* For the reasons stated in the last opinion of the Circuit Court of Appeals (R. p. 2285); that Court declined to *rephrase* those words so that a violation of the two-biscuit-in-a-dish trade mark would be enjoined, although it stated that it was the intention in the original order on April 12th, 1937 to enjoin that violation as well as the others.

† It could have made a motion to punish for contempt but that would have entailed considerable delay and more extended litigation; the ultimate result would have been the same.

its first petition for rehearing and in its various previous applications to this Court that it meant, namely, that it prevented petitioner from using the words "Shredded Wheat" as its trade name and from selling its biscuit in the shape and form of respondent's, or either of them. We have attached hereto as an appendix extracts from petitioner's briefs and applications to this Court which demonstrate that the statement which we have made is entirely correct. This is not questioned. In the Circuit Court of Appeals on the application to recall the mandate for clarification, counsel for petitioner admitted that it had placed such a construction upon the order of April 12th, 1937 in its applications to that Court and to this Court. This appears from the last opinion of the Circuit Court of Appeals* where the Court said:

"We thought that, when our opinion was read as a whole, we had made it perfectly clear that what we intended to enjoin was the use of the name 'Shredded Wheat' as a trade name and the advertising and selling of biscuits in the pillow-shape form, irrespective of whether the two-biscuit-in-a-dish trade mark were employed in connection with either the use of the name or the sale or advertising of the biscuit in the pillow-shape form. This was the construction which the appellee placed on the opinion and order of April 12, 1937, in its petition for rehearing to this court and appellant says that it placed the same construction upon them in its various petitions to the Supreme Court. *It so admitted before this court at the hearing to recall the mandate.* Appellee in those petitions doubtless placed upon the mandate what it believed to be its proper construction and its changed view adopted after the mandate of this court had issued was apparently due to the exigencies of its position rather than to any real belief that the opinion of this court left any doubt as to what was meant" (italics ours).

* Record, p. 2282.

The parts of the extracts quoted on page 10 of the appendix which we have italicized go even further than we have above stated and show that petitioner considered at the time of filing its motion for rehearing in this Court that the meaning of the order of April 12th, 1937 was precisely what the Court said on May 5th, 1938 that it had intended, namely, "to enjoin the use of the words 'Shredded Wheat' as a trade name, the advertising and sale of biscuits in the pillow-shape form, and *the use of the two-biscuit-in-a-dish trade mark*, separately or together".*

In view of these considerations, it is difficult to see how petitioner can now be heard to make a diametrically different representation to this Court as to the meaning of the order of April 12th, 1937, in order to make it appear that this order was changed in substance so as to create a basis for another petition for reconsideration of the denial of the first petition for writ of certiorari, and a second petition for writ of certiorari.

II. The second petition for a writ of certiorari is a mere subterfuge to circumvent Section 350, Title 28, U. S. C.

If, as we have above endeavored to demonstrate, the order of May 5th, 1938 does not change in substance the order of April 12th, 1937, then it must follow that the Court is without jurisdiction to entertain the second petition for writ of certiorari. The time to file an application for a writ of certiorari to review the order of April 12, 1937, under Section 350, Title 28, U. S. C. expired ninety days after July 13th, 1937, which was the date on which the Circuit Court of Appeals denied petitioner's application for a rehearing.

* Record, p. 2284.

As previously stated, the jurisdiction of the Court to make the order of May 5th, 1938 is not questioned. The petitioner presents nothing new in its second application for certiorari. It repeats its old contentions and old arguments. We submit that it is a mere subterfuge to circumvent the bar of the statute.

Conclusion.

It is respectfully submitted that the motion and petition should be denied.

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APPENDIX.

Quotations showing Petitioner's understanding of the meaning of the decision of April 12th, 1937:

"* * * the last decision in the Third Circuit which enjoins defendant from selling the biscuit in issue and thus, in effect, from making it * * *" (Petition for certiorari, page 12).

"The last decision of the Circuit Court of Appeals of the Third Circuit held that plaintiff may lawfully appropriate exclusively the form of (and thus the right to manufacture) the biscuit in issue * * * (*Ibid*, page 13).

"1. In holding that since the expiration of plaintiff's patents on Shredded Wheat, defendant was not entitled to advertise or sell shredded wheat biscuits in a form and shape similar to plaintiff's, * * *" (Petitioner's specification of errors *Ibid*, page 21).

"3. In holding that, since the expiration of plaintiff's patents on shredded wheat, defendant is not entitled to display in its advertisements pictures of shredded wheat biscuits in form and shape similar to plaintiff's * * *" (*Ibid*, page 22).

"Defendant can make the patent expired product but it is enjoined from advertising or offering it for sale * * *" (*Ibid*, page 24).

"* * * the court below has now enjoined defendant perpetually from advertising or selling any sized biscuit large or small, whether banded, tagged, packaged or not" (*Ibid*, page 24).

"* * * plaintiff is given a perpetual monopoly of the form or shape and verbal and pictorial description of a patent-expired product" (*Ibid*, page 26).

"The decree below holds in substance and effect, that plaintiff has perpetual and exclusive trademark property rights in the words "shredded wheat" and in the shape, appearance or design of the patent-expired biscuit * * *"
(Petitioner's reply brief on petition for certiorari, page 1).

"The first 'injunction' which ever completely prohibited the sale of either marked, unmarked or cartoned biscuit was the second decree ordered below" (*Ibid*, page 4).

"There should be no misapprehension as to the character or scope of the perpetual monopoly claimed and granted by the second decision below" (Petition for rehearing, page 1).

"Petitioner could lawfully then, as it can now, sell in foreign countries a formerly patented product which it is perpetually enjoined from selling in any way whatever in its own country" (*Ibid*, page 4).

"Respondent * * * is now by this decision granted, long after expiration of its patents, a perpetual monopoly *not only in the manufacture and sale of the familiar shredded wheat biscuit, but a perpetual exclusive right to stop everyone else from calling the product by such name or representing the same pictorially upon its cartons and in its advertising*" (*Ibid*, page 5).

"By its second decision sought to be reviewed by the petitioner herein, the plaintiff-respondent is granted a perpetual monopoly in the manufacture and sale of the patent-expired *shredded wheat biscuit and in the use of such name and the pictorial representation of this product*" (Petition to withhold order denying a writ of certiorari, page 2).

"It held, as law, that even in the absence of fraud, deceit or misrepresentation by petitioner, a perpetual monopoly of product, design and name has arisen * * *"
(Petition to stay injunction, page 9).